



## The Legal Expenses Insurers position

**Amicus the Union has met with the Legal Expenses Group, which is prepared to speak out against the agenda of the Liability Insurers and the ABI.**

Some Legal Expenses Insurers are wholly owned by Liability Insurers.

The following is extracted from the LEIG website at <http://www.leig.org/>

The Legal Expenses Insurance Group (LEIG) was formed in April 2006 by a number of leading legal expenses insurers and intermediaries. The aim of the Group is to work together to protect and advance the rights of claimants to justice and fair levels of compensation.

### **LEIG alert on big insurance groups' motives behind lobbying for changes in compensation arrangements**

The Legal Expenses Insurance Group (LEIG) today alerted MPs, interest groups and the general public to the real reasons why the big insurance groups are lobbying for certain changes to the compensation arrangements in the UK.

The changes they are pressing for include raising the small claims limit for personal injury claims, limiting the recovery of after the event (ATE) legal expenses premiums and encouraging claims to be settled without claimants receiving professional help and advice.

Director of the LEIG, Tony Baker, commented:

It is perfectly legitimate for the big insurance groups to lobby hard for changes to the compensation arrangements in the UK. But it is disingenuous of them to promote these as being in the interests of claimants. Nothing could be further from the truth. There is a clear conflict of interest. The changes they seek are aimed at reducing the number of claims and their cost and thereby inflating their profits. The interests of claimants are of paramount importance and must be protected and not steamrolled by big business interests.

**A number of legislative, trade body and regulatory proposals are currently in discussion.** While some proposals can be commended, several have the potential to impact adversely on the ability for individuals to be compensated fairly for personal injuries or where they have lost out from someone else's actions or negligence.

Proposals of importance currently include:

- A suggestion that the small claims limit for personal injury claims be increases from its current level of £1,000. Any increase would seriously prejudice the ability of claimants to pursue compensation or to receive the correct level of compensation.
- Changes being introduced by the Compensation Bill. The Bill contains many positive features, including regulation of claim management companies, but the details and implementation of this legislation requires very careful consideration.
- The Legal Services Bill that will open up the legal market to competition and allow

total flexibility in the ownership of legal practices. There is much to commend in what is proposed but also potential dangers for example insurance companies choosing to own legal practices that are involved in cases where insurers are contesting liability or seeking to limit compensation.

- • Proposals for the reform of the personal injury sector from the Association of British Insurers (ABI) "Care and Compensation." ABI is suggesting that claimants should be expected to complete a new claim form for claims under £25,000 and it is planned that they should not have legal advice in completing it. The basis of the proposals is that claimants would be treated fairly by liability insurers. They are representing the interests of liability insurers over those of people injured by the clients of liability insurers. Nothing is said about the intentions for managing consumers' lack of understanding – indeed fear and justified distrust - of the legal/insurance system and little detail is available about how the system would work in practice and not prejudice fair compensation for claimants.

- A suggestion from some judges that only very modest, and possibly uniform, after the event (ATE) insurance premiums should be recoverable following successful compensation claims. This shows a lack of understanding of the issues and costs; the ATE market is dependent on the recovery of reasonable premiums in successful cases to meet the objectives of the Access to Justice Act 1999 and the withdrawal of legal aid for personal injury claims.

LEIG is addressing these issues and will be preparing and distributing information, comment and discussion papers. The intention is to ensure that the rights of individuals for easy access to obtaining fair levels of compensation are not undermined.

The Group welcomes comments and contacts with other bodies including those with similar consumer objectives.